

Message Text

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C O N F I D E N T I A L PEKING 2088

E.O. 11652: GDS
TAGS: OREP EAIR ENRG ESTC ETRD CH US

SUBJ: CODEL WOLFF MEETING WITH VICE MINISTER OF FOREIGN TRADE

1. SUMMARY. IN JULY 7 MEETING WITH CODEL, VICE FOREIGN TRADE MINISTER WANG JUNG-SHENG STRESSED IMPORTANCE OF US STRATEGIC TRADE CONTROLS AS AN OBSTACLE TO THE DEVELOPMENT OF BILATERAL TRADE. OTHER SUBJECTS INCLUDED IN THE DISCUSSIONS WERE FROZEN ASSETS, OIL EXPLORATION, AIRCRAFT LANDING RIGHTS, AND EXCHANGES OF VISITS. END SUMMARY.

2. CODEL WOLFF HAD 70 MINUTE MEETING JULY 7 WITH WANG JUN-SHENG, VICE MINISTER OF FOREIGN TRADE. DURING THE CONVERSATIO, WANG RETURNED SEVERAL TIMES TO THE PROBLEMS OF US STRATEGIC TRADE CONTROLS, STATING THAT THESE "OBSTACLES" TO THE EXPANSION OF US-PRC TRADE SHOULD BE REMOVED. HE MENTIONED THAT THESE OBSTACLES CROP UP IN ELECTRONICS AND OTHER FIELDS, AND THAT EXPORT RESTRICTIONS ON A SINGLE COMPONENT CAN AFFECT THE SALE OF AN ENTIRE PLANT. HE IMPLIED THIS VIOLATED THE SPIRIT OF THE SHANGHAI COMMUNIQUE AND DECLARED "WHENEVER WE SIGN CONTRACTS TO IMPORT GOODS FROM THE UNITED STATES, THE AMERICAN AUTHORITIES SHOULD APPROVE THESE EXPORTS."

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3. WANG COMPLAINED THAT THROUGH COCOM THE US ALSO PLACED OBSTACLES ON CHINA'S TRADE WITH THIRD COUNTRIES, AND STATED "COCOM IS DIFFICULT FOR US TO UNDERSTAND." HE ALSO REFERRED TO CASES WHERE US FIRMS HAD INVITED CHINESE TECHNICIANS TO VISIT THE US FOR "TECHNICAL EXCHANGES" BUT THE US GOVERN-

MENT HAD PROHIBITED THE EXPORT OF THE TECHNOLOGY INVOLVED. HE STATED THAT IF SUCH RESTRICTIONS WERE NOT REMOVED, "WE WILL GO AHEAD AND DEVELOP OUR TRADE WITH OTHER COUNTRIES BECAUSE WE WILL BE FORCED TO DO SO."

4. THE CONGRESSMEN ATTEMPTED TO EXPLAIN EXPORT CONTROLS AS A SET OF GLOBAL RESTRICTIONS BASED ON SECURITY CONSIDERATIONS AND NOT A POLICY DIRECTED AGAINST CHINA. WANG COUNTERED BY STATING THAT CHINESE IMPORTS OF AMERICAN TECHNOLOGY WOULD NOT AFFECT US SECURITY. "IF YOU THINK IT WILL, YOU OVERESTIMATE OUR ABILITIES."

5. THE EXCHANGE, NEVERTHELESS, WAS FRIENDLY THROUGH-OUT. AT ONE POINT CONGRESSMAN WOLFF PROPOSED THAT HIS SUBCOMMITTEE SHOULD RECOMMEND THAT THE ADMINISTRATION DISPATCH ROBERT STRAUSS TO PEKING TO HELP NEGOTIATE SOLUTIONS TO THIS TYPE OF PROBLEM. WANG WAS NONCOMMittal, BUT INQUIRED ABOUT THE IDENTITY OF STRAUSS AND HIS ROLE IN THE US GOVERNMENT.

6. FROZEN ASSETS. IN RESPONSE TO WOLFF'S QUESTION, WANG CHARACTERIZED THE FROZEN ASSETS QUESTION AS "NOT AN IMPORTANT PROBLEM." HE NOTED BOTH GOVERNMENT HAD ALREADY EXCHANGED VIEWS ON THE SUBJECT, AND STATED: "WE DO NOT HTINK IT WILL BE DIFFICULT TO SOLVE."

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7. OIL. ASKED BY WOLFF WHETHER THE PRC WOULD BE INTERESTED IN JOINT VENTURES WITH AMERICAN COMPANIES, WANG REPLIED ONLY OBLIQUELY BY NOTING THAT A NUMBER OF OIL COMPANY REPRESENTATIVES HAD ALREADY VISITED PEKING TO DISCUSS OIL EXPLORATION AND THAT OTHERS WOULD FOLLOW. IN A LATER PORTION OF THE DISCUSSION, HOWEVER, HE NOTED THAT "WE COULD POSSIBLY SUPPLY SOME OIL TO YOU" AFTER PRODUCTION HAD BEEN DEVELOPED FURTHER.

8. AIRCRAFT LANDING RIGHTS. WHEN WOLFF ASKED WHETHER AN EXCHANGE OF LANDING RIGHTS BETWEEN AIRLINES IN EACH COUNTRY WOULD BE POSSIBLE, WANG STATED THAT LACK OF NORMALIZATION WOULD PREVENT THIS. HE ADDED, HOWEVER, THAT "WE DO NOT EXCLUDE THE POSSIBILITY OF INDIVIDUAL PLANES COMING TO OUR COUNTRY OR GOING TO YOURS." PERMISSION COULD NOT, HOWEVER, BE EXTENDED TO REGULARLY SCHEDULED SERVICES.

9. VISITS TO US CONGRESSMAN FOUNTAIN MADE A PITCH FOR MORE VISITS BY PRC OFFICIALS TO THE

UNITED STATES, IN ORDER TO ALLOW THEM TO BETTER
UNDERSTAND OUR TRADE POLICY. WANG REPLIED BY
REFERRING TO THE FACT THAT A NUMBER OF "SPECIALIST"
DELEGATIONS HAD ALREADY VISITED THE US. HE SAID
THESE INCLUDED "SOME SENIOR OFFICIALS," ADDING:
"WE HOPE TO INCREASE THIS TYPE OF VISIT.
WOODCOCK

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